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**Statement
Of
Anthem Blue Cross and Blue Shield
On
SB 822 An Act Prohibiting Gender Discrimination For Individual Health Insurance Policies**

Good afternoon Senator Crisco, Representative Fontana and members of the Insurance Committee, my name is Christine Cappiello and I am the Director of Government Relations for Anthem Blue Cross and Blue Shield in Connecticut. I am here today to speak on **SB 822 An Act Prohibiting Gender Discrimination For Individual Health Insurance Policies**.

Anthem is concerned about the consequences of this legislation. While most Americans with private health coverage obtain coverage through their employer, about 5% of the population purchases coverage on their own in the individual health insurance market. Because these individuals are paying the entire cost of coverage on their own (with no employer or government subsidy), the cost of coverage varies by a number of factors to ensure the premium paid reflects the expected utilization of services for each individual. Achieving an individually-tailored price in this way makes coverage an attractive value proposition to each individual. These pricing factors typically include age, family size, geographic region, health status, and gender.

Cross-subsidization in the individual health insurance market creates a dynamic because individuals typically pay the entire cost of coverage, making these individuals more price sensitive, and the market is voluntary. If individuals who are less likely to use services are asked to subsidize the premium of those who are more likely to use services, purchasing coverage loses value for low-risk individuals. This means fewer low-risk individuals purchase coverage, increasing the average risk and increasing rates for everyone in the risk pool. This dynamic has been clearly demonstrated in the extreme cases of New Jersey, where until recently, all individuals in the individual market had to pay the same premium (New Jersey recently changed the market rules to allow for age rating) and New York. This forced cross-subsidization drove younger, low-risk individuals out of the market, increased the number of uninsured, and increased the cost of coverage to typically more than twice the cost of coverage in states that exhibit more flexible rating rules and medical underwriting.

Thank you for your time and attention and I welcome any questions you might have.